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Trade and development

Statement submitted by the Inter-Parliamentary Union, a non-governmental organization in consultative status with the Economic and Social Council, category I

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 23 and 24 of Economic and Social Council resolution 1296 (XLIV) of 23 May 1968.

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The following text contains the main conclusions of the Inter-Parliamentary Conference: "North-South Dialogue for Global Prosperity",[1] which was organized by the Inter-Parliamentary Union in Ottawa from 18 to 22 October 1993:

## INTER-PARLIAMENTARY CONFERENCE ON "NORTH-SOUTH DIALOGUE FOR GLOBAL PROSPERITY" (Ottawa, 18-22 October 1993)

**FINAL DOCUMENT**

### NORTH-SOUTH RELATIONS IN A CHANGING CONTEXT

North-South relations have to be seen in the new global context resulting from the end of the great divide between East and West and its far-reaching consequences. There are also other political, economic and social changes of fundamental importance taking place in the world. [...] All this points to the need for new **development compacts**, both between developed and developing countries as also between developing countries themselves, for the effective promotion of long-term sustainable growth and development. [...] Eradication of absolute poverty requires the highest commitment and action from the international community. [...]

The trend towards the globalization of production in many crucial sectors has led to radically new scenarios of international trade and finance and of technology and human resources transfer. [...] Increasing differentiation has made the North and South less homogeneous groups than they were two to three decades ago. [...] The recent transformation in former centrally planned economies has modified the global political and economic environment for development. [...] These economies should be brought in as partners to the development dialogue of North and South.

There is an urgent need for new policies in the pursuit of sustainable development. Human development must be considered an integral element and crucial determinant of economic development. Economic efficiency can only be sustained by

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[1]On 1 June 1994, 129 National Parliaments were represented in the Inter-Parliamentary Union. Delegates from the following 43 countries were present at the Conference in Ottawa: Algeria, Bangladesh, Botswana, Brazil, Cameroon, Canada, China, Costa Rica, Cuba, Czech Republic, Egypt, Finland, France, Gabon, Germany, India, Italy, Japan, Kenya, Kuwait, Latvia, Lithuania, Mexico, Netherlands, Niger, Nigeria, Panama, Papua New Guinea, Philippines, Portugal, Romania, Senegal, Slovak Republic, Slovenia, Spain, Switzerland, Thailand, United Arab Emirates, United Kingdom, United Republic of Tanzania, Venezuela, Yemen, Zimbabwe.

establishing democratic structures, improving social and economic justice and ensuring respect for human rights. Most importantly, gender equality is at the core of ensuring equity in the distribution of the benefits of growth. [...] The Conference viewed with concern that the policies urged upon most developing countries by donor agencies, both bilateral and multilateral, have in many cases aggravated their economic and social circumstances instead of leading to sustainable progress. [...] *The Conference urged donor agencies to review and reassess these policies, and to substitute in their place more relevant approaches to sustainable development.* [...]

**TRADE**

By providing greater opportunities for trade, the North can offer to the South a crucially important form of assistance. [...] Protectionist policies not only hinder North-South trade and in general act as a brake on trade expansion and on the growth of the world economy, but they also impose significant costs on the consumer, both in developed and developing countries. Protectionism is also causing serious problems to the economies of Eastern Europe which are in transition and this question needs to be tackled on an urgent basis. [...] *The Conference urged upon the governments of developing and developed countries actively to pursue the fight against protectionism.*

The Conference expressed its grave concern regarding increasing unemployment [...] *A trading environment which facilitates job creation should be aimed for, and the Conference therefore urged governments and multilateral institutions to examine the relationship between trade and employment so that policy conclusions can be derived therefrom.* [...]

Primary commodities are of central importance to many developing countries as a source of foreign exchange earnings. [...] *The Conference called upon the UN system and developed countries to review the international commodity situation, especially from the perspective of assuring developing country commodity producers of remunerative prices.* [...]

[...] Non-tariff barriers are particularly significant in restricting the expansion of manufactured exports of the South. One sector in which such restrictions are strongly evident is that of textiles and clothing, which are industries in which the developing countries enjoy significant comparative advantages. *The Conference recommended that these restrictions to trade should be speedily removed in the mutual interest of both developing and developed countries.* [...]

An equitable multilateral régime on trade in services should take account of the comparative advantages of various groups of countries in different areas of trade in services. [...] Most developing countries are yet in the stage of building up their service sectors and, consequently, require a degree of support to develop those activities. *The Conference believed that Uruguay Round agreements on services should incorporate special provisions for the poorer developing countries, so that they have an opportunity to develop their services sector.*

The increasing number and scope of regional trading and common market arrangements is a positive factor in expanding world trade. [...] Enhanced regional economic co-operation will contribute to a stronger world trading system and, when outward looking, could be an important factor in strengthening multilateral trading and economic arrangements. *The Conference therefore urged emerging regional bodies to operate within a framework of strengthened trading multilateralism.*

[...] *The Conference called upon all States to conclude the Uruguay Round of Multilateral Trade Negotiations successfully by the end of 1993, and agree on the establishment of the Multilateral Trade Organization.* For success to be achieved, developing countries must receive special and differential treatment. [...]

**FINANCE AND DEBT**

[...] Differentiated systems and arrangements are required to meet the needs of different groups of developing countries. Most developing countries require Official Development Assistance (ODA), on highly concessional terms and preferably through grants, to finance their development activities. There are several developing countries whose financial needs could be met through a blending of concessional and non-concessional resources. Most developing countries could benefit from direct foreign investment. While bilateral and multilateral mechanisms exist to mobilise this type of resource flows, they are hampered by a shortage of resources.

Finding appropriate solutions to the debt problem of all developing countries is one of the most urgent tasks before the international community. [...] *The Conference appreciated the significant reductions in the debt burden that have been arranged for some countries through the Paris Club and urged more generous cancellation of official debt for all poorer developing countries. Such debt cancellation should include the concessional debt owed to multilateral financial institutions which should be empowered to cancel those debts through a fresh mandate from member countries.* [...]

*The Conference called upon all developed countries to move towards the achievement of the agreed target of 0.7 per cent.* ODA should be directed primarily to the poorer developing countries and projects and programmes which are financed through ODA should be targeted on the poorest groups. *The Conference recommended that ODA*

*resources should be increasingly allocated for human development and to the improvement of health and education and to conserving the environment* and [...] *to programmes and projects which directly benefit women.*

*The Conference called upon developed donor countries to strengthen their commitment to disbursing increasing shares of their ODA through multilateral channels.* In this regard, it viewed with concern the stagnation of multilateral aid and sometimes even its diminution. *The Conference urged donor countries to maintain and increase their commitments to UN system agencies and to the World Bank's International Development Association (IDA) and to the concessional lending arms of regional banks.* [...]

Expenditures incurred on peacekeeping and on humanitarian relief, either through the UN system or bilaterally, are increasing, notably because of mounting instability in many regions. *However, the Conference recommended that these expenditures should not be at the expense of resources allocated to development. In particular, it suggested that resources allocated for peacekeeping purposes be defined separately from ODA.*

*The Conference called upon developed and developing country governments and multilateral organizations to explore all feasible avenues of increasing resource transfers to the South and specifically urged using mechanisms which do not impose significant budgetary burdens on donor countries.* Proposals made by many countries, both developing and developed, and by the IMF to issue new Special Drawing Rights (SDRs) should therefore be carefully studied. [...] The IMF and member governments could also utilise the existing gold stock of the IMF. [...]

Most developing countries can efficiently absorb a greater amount of non-concessional financing made available through multilateral financing institutions. [...] *The Conference urged that this aspect of development financing be examined in depth to strengthen and expand current arrangements.*

[...] *The Conference urged developed countries and relevant multilateral institutions such as the World Bank, IMF, UNCTAD and UNIDO, to examine ways and means of stimulating flows of direct foreign investment and transfer of technology to those countries which are lagging behind in receipt of investments and technology.* [...]

**GLOBAL GOVERNANCE**

[...] There is now a patchwork of multilateral institutions, some effective, others less so, and many of them undertaking overlapping tasks. [...] *The Conference called upon governments of both North and South and the multilateral institutions to undertake a comprehensive and wide-ranging review of current multilateral practices, and identify areas for reform and improvement, in the context of an interdependent world economic system.* [...]

*The Conference considered that, in reforming and improving multilateral systems and arrangements, the primary aim should be to ensure social and economic justice, fairness, equity and transparency in multilateral governance, and the application of democratic principles in decision-making processes.* [...] It is not essential that multilateral institutions should always be UN agencies. Multilateralism can thrive within and outside the UN system. [...]

The Conference observed that parliamentarians have a unique contribution to make in shaping the institutions and policies for a more interdependent world. These institutions need to be made accountable and governed in accordance with democratic principles. Parliamentary institutions should be more involved in the governance of these institutions. The new emerging global system should not be the preserve of the many technocracies that are proliferating in a technologically complex world. [...] *The Conference called upon national and international policy-makers to be alert to the needs and demands of people everywhere when shaping the new systems of global governance.*

**FOLLOW-UP AND INITIATIVES BY PARLIAMENTS AND THE INTER-PARLIAMENTARY UNION**

The Conference observed that its recommendations are broadly divided into two parts. There are those to be studied and implemented by governments of developing and developed countries. These include changes in the domestic and external policies as practised by governments and which have a crucial bearing on the development process. Changes will be required in development policies of donor countries and in the practices they adopt in channelling development aid. More resources are required to be channelled for human development. These countries will also be required to liberalize their trade policies to enable access to their markets for developing country products. Developing countries are required to put in place a facilitating framework which enables individual human initiatives and systems of economic incentives which are equally significant for efficiency in the development process.

The Conference in its second set of recommendations focused on the reform of multilateral regimes and institutions. In an increasingly interdependent world, the role of multilateral institutions was seen as crucial to the development process. Multilateral institutions both within and outside the UN system therefore require significant reform to ensure that development resources are efficiently utilized. Especially in the trade field, new multilateral arrangements are required to enable a favourable trading environment for all countries. [...]

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